# How to Plan a

# Profitable Property Control Program
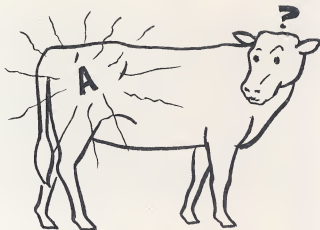
**METAL**craft INC.

MASON CITY, IOWA

Designers and Manufacturers of

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PUBLIC POWER DISTRICT 210272

STATE OF OREGON

ORE. TECH. INST. 628 PROPERTY

CITY OF MESA 438

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L.M. BERRY AND CO.

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2102

GREEN CROSS FOR SAFETY

NATIONAL SAFETY COUNCIL

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PROPERTY OF 43

US RUBBER

2143 INDPLS. PLANT

NORTHROP CORPORATION 102

ST. THOMAS YACHT HAV 343 DIVISION OF M.B.I.A.

WESTINGHOUSE 272 SMALL MOTOR DIVISION OFFICE EQUIPMENT

CITY OF INGLEWOOD 587

NAVY C. 5

GRADY MEMORIAL HOSPITAL

The House of Vision

Kentucky DEPARTMENT OF ECONOMIC DEVELOPMENT 3438

PROPERTY OF U.S. NAVY TEST & RESEARCH EQUIP. 8702

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2114

ASSOCIATED MISSILE PROD. CO. 14387

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PROPERTY TAG 6215

OAK PARK TRUST

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DUPONT

ANTIOCH WORKS 387

5621 LABORATORY EQUIP. NUMBER

MAYO CLINIC

Hardware Mutuals 562

BARDIA B.

La France INDUSTRIES, INC. 4387

OLDEN STATE MUTUAL 562 SURANCE

PROPERTY NUMBER 302

## WHAT IS PROPERTY CONTROL?

Anyone who has ever seen a Western movie is familiar with one of the most rudimentary property control systems. Cattlemen still brand their stock with a distinctive mark. This mark identifies the cattle as the property of a particular ranch, and aids the cattleman in effectively controlling his property.

A modern Profitable Property Control Program has the same objective. Property Control is an identification and accounting system that enables any organization making use of capital assets (furniture, fixtures and equipment) to make more efficient use of such physical properties.

As such, every Property Control Program has two basic elements: (1) A simple way to positively mark each piece of property; and (2) a method of accounting for every piece of property. There is nothing mysterious or difficult in setting up such a program.

The benefits of a Property Control Program, described on the following pages, will vary in importance from one firm to another. But all organizations, large or small, will get real money-saving advantages from a properly established Property Control Program.

# BENEFITS
## OF A PROPERTY CONTROL SYSTEM

Tax considerations alone justify some form of property control, but there are many other advantages of a properly designed and continuously operated program.

### REDUCED CAPITAL EXPENDITURES

Property Control records show where assets are located, what they are, and how they are being used. Duplication of equipment is avoided.

### REDUCED LOSSES

Immediate inventory can be made to uncover disappearance, theft, or unauthorized transfers. Every item should be positively identified by company name and control number.

### OPERATIONAL EFFICIENCY

Rapid information on the location and use of all equipment is made easy. This enables efficient use of property and permits the elimination of unnecessary items.

### ACCURATE TAX RECORDS

Positive identification and complete information are requirements for accurate tax accounting. A Property Control Program gives both. Identification of individual items permits maximum use of tax credits. The resulting tax savings alone usually justify a dependable Property Control Program.

### EASIER ACCOUNTING

Accurate Property Control provides essential data for corporate and cost accounting.

## SOUND INSURANCE

Information gathered from a Property Control Program provides the basis for a sound insurance program. The hazards of too little insurance and the waste of too much are eliminated. Positive item identification is provided in case of loss.

## BETTER SERVICING

Property Control records can be used as a basis for maintaining regular service schedules. This will result in better service from equipment and higher trade-in allowances.

# ORGANIZING

## A PROFITABLE PROGRAM

Proper organization will require the cooperation of several people or departments. So will continued use of the program. Key individuals concerned should be briefed on the program and thoroughly acquainted with the details. You might find it desirable to prepare a detailed bulletin on procedure to be followed:

1. Outline the purposes, objectives, and importance of Property Control.

2. Explain the operation of the system.

3. Describe the use of the record forms and the proper method of installation of permanent metal identification tags.

4. Fix the responsibility for installing and maintaining the system.

5. Establish a uniform system for placement of the tags. State where they are to be mounted on similar kinds of equipment.

## Property Control Checklist

There is no universally suitable system for Property Control. Requirements vary with the size and nature of each operation. But these things should be considered when planning your program:

1. Decide what is desired from your property records and what functions are to be served.

   A. Physical Control
      1. Identification
      2. Location
      3. Custody
      4. Maintenance and repairs

   B. Tax Accounting
      1. Original cost data — reconcile with actual conditions
      2. Depreciation Method (group accounts or units)
         a. Straight line
         b. Sum of life
         c. Declining balance
         d. Guideline lives
      3. Determine Reserve Ratios

   C. Corporate Accounting
      1. Verify Asset Values
      2. Cost Accounting
      3. Distribute Burden, overhead

   D. Fire Insurance
      1. Replacement Cost (New)
      2. Adjusted Replacement Cost (Actual cash value)
      3. Segregate "Exclusions" from coverage
      4. Evidence of value for insurance claims

E. Plan for Capital Expenditures
   (Near & long term)

    1. Tax Considerations
       a. Investment tax credit
       b. Guideline lives
    2. General considerations (moves, etc.)
    3. Equipment leasing

2. List all of the desirable property facts for each item or asset.

    A. Equipment numbers. (Keep system as simple as possible)
    B. Description of assets
    C. Location
    D. Date of purchase
    E. Cost of acquisition
       (include installation)
    F. Depreciation reserve
    G. Unrecovered cost
    H. Estimated remaining life
    I. Investment credit
    J. Depreciation method
    K. Depreciation provision
    L. Classify by asset category

3. Plan method of collecting property facts.

    A. Company personnel
    B. Outside help
       1. Appraisers
       2. Accountants

4. Decide best method of compiling data.

5. Use Serially Numbered "AUTOGRAPHS" as the best connecting link between your records and the fixed assets.

# RECORD FORMS
## PROVIDE NEEDED DATA

Stock forms are available (see following two pages), but a special form tailored to your requirements can have advantages.

A card file may be adequate for a small or medium size organization, while larger groups may find punch cards or electronic memory systems are necessary.

Large or small, simplicity should be the rule. Only *essential* information should be recorded. The more complicated the system, the greater the chance for breakdown of control.

Use a separate form for each asset, individual or group. Make as many duplicates as necessary. The original should be maintained in the controlling office, filed in straight numerical sequence according to tag number.

Duplicates can be kept in the departments or branches in which the various assets are located, or filed alphabetically according to "type of equipment" or location for fast recovery of information.

## RECORD FORMS

As indicated on page two, every Property Control Program requires: (1) A record of each item; (2) A system of positive identification for every item. A Profitable Property Control Program is always simple and flexible.
Here are two standard Property Control Forms. However, you may want to tailor the form to your system.

## PROPERTY RECORD CARD

CLASS OR TYPE OF EQUIPMENT _____ PROPERTY TAG NO. _____

DESCRIPTION _____

**REPAIRS AND MAINTENANCE**

| DATE | DESCRIPTION | BY | AMOUNT |
|---|---|---|---|
| | | | $ |
| | | | $ |
| | | | $ |
| | | | $ |

CATALOG OR MODEL NO. _____

MFG's SERIAL NO. _____

PURCHASED FROM _____

DATE PURCHASED _____

| | |
|---|---|
| INVOICE AMOUNT | $ |
| SHIPPING EXPENSE | $ |
| TAXES | $ |
| INSTALLATION CHARGE | $ |
| TOTAL COST | $ |
| TRADE-IN ALLOWANCE | $ |
| NET CASH PAID | $ |

USEFUL LIFE ____ YRS. SCRAP VALUE $ _____

ANNUAL DEPRECIATION $ _____

MONTHLY DEPRECIATION $ _____ ANNUAL SERVICE FEE $ _____

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**DEPRECIATION RECORD**

| DATE | AMOUNT | BALANCE |
|---|---|---|
| | $ | $ |
| | $ | $ |
| | $ | $ |
| | $ | $ |
| | $ | $ |
| | $ | $ |
| | $ | $ |
| | $ | $ |
| | $ | $ |
| | $ | $ |
| | $ | $ |

**BOOK VALUE**

| DATE | CHANGE | BALANCE |
|---|---|---|
| | $ | $ |
| | $ | $ |
| | $ | $ |
| | $ | $ |
| | $ | $ |
| | $ | $ |
| | $ | $ |
| | $ | $ |
| | $ | $ |
| | $ | $ |

**APPRAISED VALUE**

| DATE | APPRAISAL |
|---|---|
| | $ |
| | $ |
| | $ |
| | $ |
| | $ |
| | $ |
| | $ |
| | $ |
| | $ |

**LOCATION**

| DATE | DEPARTMENT OR BRANCH |
|---|---|
| | |
| | |

**DISPOSITION**

DATE _____

TRADED IN _____ AMOUNT RECEIVED $ _____

SOLD TO _____

---

**EQUIPMENT RECORD**

DESCRIPTION _____

| INITIAL LOCATION | TRANSFERS |
|---|---|
| DEPT. | |
| BLDG. | |
| FLOOR | |
| DATE | |

| TYPE OF DRIVE | POWER | H.P. REQD. | FLOOR SPACE | WEIGHT | MEMO |
|---|---|---|---|---|---|
| DATE AQD. | BOUGHT FROM | | | MFRS. NO. | P.D. NO. | VOUCHER NO. |

EST. LIFE ____ YRS. ANNUAL DEP'N. RATE ____ % AMT. ____  APPRAISAL PAGE

| COST DETAILS | ORDER NO. | AMOUNT |
|---|---|---|
| NET COST | | |
| FRT. & CART. | | |
| INSTALLATION | | |

**DEDUCTION RECORD**

DATE DEDUCTED _____ SCRAPPED ☐ SOLD ☐ TRADE-IN ☐

| | |
|---|---|
| COST | |
| ACCRUED DEPRECIATION | |
| DEPRECIATED VALUE | |
| SELLING PRICE | |
| PROFIT OR LOSS | |

**REPAIR RECORD**

| DATE | S.O. NO. | AMOUNT | DATE | S.O. NO. | AMOUNT | DATE | S.O. NO. | AMOUNT | | S.O. NO. | AMOUNT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | |
| | | | | | | | | | | | |

YR. DEPR. ENDS ____ DEPARTMENT _____ EQUIPMENT _____ ASSET NO. _____

FORM 752-58

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**EQUIPMENT LEDGER**

ASSET NO. _____ EQUIPMENT _____

ANNUAL DEPN RATE ____ % AMT. ____  YR. DEPN. ENDS ____

| DATE | REFERENCE | ASSET | | | DEPRECIATION | | | NET BOOK VALUE |
|---|---|---|---|---|---|---|---|---|
| | | DEBIT | CREDIT | BALANCE | DEBIT | CREDIT | BALANCE | |

# NUMBERS
## KEY TO A GOOD PROGRAM

Having a number assigned to an item for its life provides the necessary link between (1) the asset and (2) property records. Success depends on the adoption and maintenance of a good code numbering system.

## SEQUENCE CODES

Regardless of the type of equipment or its location, the best (and least confusing) numbering system is a sequence of consecutive serial numbers. Sequence systems can code an unlimited number of items with the fewest possible digits.

A sequence code usually requires the use of a directory to decode, since the number has no relation to the item or its location. However, transferring of assets and addition of new items is always easy with the sequence system.

## BLOCK CODES

A series of consecutive numbers is divided into blocks, with each block reserved for the identification of groups of items having a common characteristic. Expansion is confined to those numbers left unassigned in each block once the plan is established.

## MNEMONIC CODES

The use of a continuous letter prefix followed by a sequence number. The prefix, often a two- or three-letter abbreviation, identifies a particular location or class of item. Expansion of the sequence number is unlimited.

The filing system can be divided according to prefix letters, which may provide somewhat faster access to individual numbers. For economy, select as few letter prefix classifications as possible.

## COLOR CODES

Location or class is indicated by different colors on the property tags. Numerous changes in colors can add to the manufacturing costs of the tags.

*Manufacturers' serial numbers are not practical as item control numbers because they lack order or unifomity. They are frequently inaccessible, and some equipment may not have such a number.*

## PROPERTY TAG CHECK LIST

The purpose of a Property Control tag is to assign a control number to the asset. This is the necessary and important link in a Profitable Property Control Program; the link between the item and the record form.

The tags should be systematically mounted. It is desirable to establish standard practices for uniform mounting locations on similar types of equipment.

Several types of Property Control tags are available. In buying tags, the following factors should be considered:

1. *Permanent.* Difficult or impossible to remove.
2. *Indented Numbers.* Cannot be defaced, altered, or painted out.
3. *Economical Attachment.* By unskilled help, without special tools.
4. *Versatile Attachment.* Assembly line, or one-at-a-time, on any surface without drilling holes.
5. *Safe.* No protrusions to nick hands or tear clothing.
6. *Distinctive Appearance.* Won't be confused with other tags. Attractive for "out-front mounting.

# HERE'S WHY SERIALLY-NUMBERED "AUTOGRAPHS" FILL THE BILL!

Thousands of firms use Serially Numbered "AUTOGRAPHS" for the vital link in a Profitable Property Control Program.

## PERMANENT

1. Made from durable, corrosive-resistant Alodized Aluminum (.016 thick). Clear, abrasive-resistant baked lacquer overcoating for lasting beauty and durability. Not a flimsy foil or paper.

2. Permanent, solvent-activated adhesive backing provides the attachment method you need. This adhesive bonds your "AUTOGRAPHS" to the physical asset and develops the permanent attachment necessary for continued control of the item. Contact adhesives or water soluble glues cannot do this.

3. Precision die-stamped to produce rounded corners and formed edges. Formed edges protect adhesive and provide metal to surface contact.

## INDENTED NUMBERS

Permanently indented serial numbers filled with black lacquer for easy reading. Can't be altered, erased, scraped off or painted out. Foil tags or paper labels will not provide these features.

## ECONOMICAL ATTACHMENT

1. Mount them "out front" in just a few seconds, by anyone — no tools required, so expensive, skilled personnel is not needed. Savings are substantial compared to conventional mounting methods.

2. Compactly packaged in neat, clearly-identified, "work-out-of" cartons easily carried from place to place. Tags, activating solvent and an applicator are always ready for instant use.

12

## VERSATILE ATTACHMENT

1. Solvent activated adhesive backing is ideal for the initial tagging of all items, and for individual tagging as new items are added.

2. Mount them with ease on wood, metal, plastic, porcelain . . . on painted, lacquered or varnished surfaces . . . on curved surfaces, too . . . and on crackle finish where decals and foil will not adhere. "AUTOGRAPHS" stick to the asset for life.

3. No unwieldly tools or awkward fastening devices to mar fine finishes . . . drilled holes to irreparably damage delicate mechanisms.

## SAFE

Avoid scratches or torn clothing from sharp edges or protruding mechanical fasteners used in conventional mounting methods.

## DISTINCTIVE APPEARANCE

1. Copy of your choice is colorfully lithographed in one or more colors. Your firm name and/or trademark discourages theft, provides positive identification.

2. Your lustrous, lacquer coated aluminum tag is distinguished from other tags on equipment and establishes it as the property control number.

3. Attractively designed for efficiency, easy-to-see "out-front" mounting. They won't detract from the beauty of even the finest equipment.

13

## STOCK SIZES AVAILABLE

The two most popular sizes of "AUTO-GRAPHS" used for property control are illustrated below. Many other sizes and shapes are available. Ask for illustrated price schedule on rectangles, circles, ovals or other shapes.

## Designed Style "AUTOGRAPHS"

Copy of your choice which may include logos, trademarks and stylized lettering lithographed in one or more colors. List prices are based on two-color combinations of standard Red, Yellow, Blue, Green and Black. A comprehensive color sketch is included in the base price.

**MICHIGAN HIGHWAY DEPARTMENT**
**72  9403**

**No. 1-D-SN**   1-3/4" x 7/16"
(1/8" indented numbers)

**WESTERN DIVISION**
**AMF**
**3409**
**IF REMOVED ·NOTIFY ACCT'G.**

**No. 2-D-SN**   2-3/8" x 9/16"
(1/4" indented numbers)
(with prefix letters)

## INDENTED SERIAL NUMBERS

1/8" or 3/16" digits are recommended for use on No. 1 size "AUTOGRAPHS"; 1/8", 3/16" or 1/4" digits are satisfactory for No. 2 size. 3/8" digits are available for larger "AUTO-GRAPHS." Design of the plate and the number of digits required will usually determine the digit size that can be used.

14

## Black-Type Style "AUTOGRAPHS"

Copy is limited to not more than three lines of type set in Vogue Bold style and lithographed in one color. Black is standard color in lower quantities. A sketch for approval is not included in the base price but can be submitted for a small additional charge.

**MAYO CLINIC**   PROPERTY NUMBER   **4932**

**No. 1-BT-SN**   1-3/4" x 7/16"
(3/16" indented numbers)

**SOUTHWEST RESERVE LIFE INS. CO.**
**BC  7041**
**LONGVIEW, TEXAS**

**No. 2-BT-SN**   2-3/8" x 9/16"
(3/16" indented numbers)

### . . . AND SERIALLY NUMBERED

# Autographs®

### ARE EASY TO ORDER !

Specify size, quantity, copy, colors and numbering sequence on your purchase order. A color sketch will be promptly prepared and presented for your approval on a Designed style "AUTOGRAPHS".

*Representatives are available throughout the United States and some other countries to assist you with ordering "AUTOGRAPHS."*

15